MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING

(Foundation in Business)

27 October 2017
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **THREE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

Seacer Ltd manufactures two products: Shampoo and Soap. The product costing data is provided in the following table:

Activity Usage Measures			
	Shampoo	Soap	Total
Units produced	100,000	500,000	600,000
Direct materials cost	RM220,000	RM250,000	RM470,000
Direct labour hours	3,000	5,000	8,000
Machine hours	15,000	18,000	33,000
Setup hours	100	150	250
Number of inspection	80	120	200

Activity Cost Data (Overhead Activities)		
Activity	Activity Cost (RM)	Cost Driver
Assembly	300,000	Direct labour hours
Machining	264,000	Machine hours
Setting up equipment	80,000	Setup hours
Quality inspection	20,000	Number of inspection

REQUIRED

a) Calculate the activity rates for each activity. (6 marks)

b) Calculate the total cost per unit for each model. (14 marks)

Continued...

Part B

ATB Ltd produces electric kettle and sells it for RM100.

The following information is available for ATB Ltd

	RM
Direct material cost per unit	25
Direct labour cost per unit	8
Fixed production overhead	120,000
Variable production overhead cost per unit	7
Variable non production cost per unit	12
Insurance on plant	11,000
Salary for administrative staff	13,000

REQUIRED

a) Calculate the total variable costs per unit. (5 marks)

b) Calculate the contribution per unit. (3 marks)

c) Calculate the total fixed costs. (4 marks)

d) Calculate the breakeven point. (3 marks)

e) How many units need to be sold in order to achieve a profit margin of RM150,000 together with an increased selling price of 20%, increased variable cost to RM60 per unit and, an increase salary for administrative staff to RM19,000. (5 marks)

(TOTAL 40 MARKS)

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QUESTION 2

Part A

SDI Ltd is a company that manufactures camping tents. In August 2017, the company produced 50,000 units and 40,000 units was sold. The price of the camping tents is RM150 per unit. The following cost information pertains to SDI Ltd for August 2017.

Manufacturing costs:	
Direct materials cost (per unit)	RM 50
Direct labour cost (per unit)	RM 20
Variable manufacturing overhead cost (per unit)	RM 5
Fixed manufacturing overhead cost	RM200,000
Marketing expenses:	
Variable per unit	RM 10
Fixed	RM 80,000

REQUIRED

a) Calculate unit product cost using absorption costing and variable costing.
(10 marks)

b) Prepare the income statement using absorption costing system.
(10 marks)

(Total 20 marks)

Continued...

Part B

Careplas Ltd manufactures fire extinguishers. The costs per unit are as follows:

Direct material costs	RM 45
Direct manufacturing labour	RM 15
Variable manufacturing overhead	RM 5
Fixed manufacturing overhead	RM 13
Variable selling expenses	RM 20
Fixed selling expenses	RM 25
Variable administrative expenses	RM 10
Fixed administrative expenses	RM 12

The fire extinguishers normally sell for RM200 each. The company has received a special order for 5,000 units of fire extinguishers at RM170 per unit. The company has excess capacity to accept the special order.

REQUIRED

a) Calculate the total relevant revenues from the special order.
(4 marks)

b) Calculate the total relevant costs for the special order.
(8 marks)

c) Compute the change in operating income if the special order is accepted.
(4 marks)

d) Should Careplas Ltd accept the special order? Explain.
(4 marks)

(Total 20 marks)

(TOTAL 40 MARKS)

Continued...

QUESTION 3

Part A

Melaka Pewter Ltd manufactures pewter plate. The direct materials are added at the start of the production process while conversion costs are added uniformly throughout the production process. During the month of August 2017, there was no beginning inventory. Direct material cost for the month totaled RM 750,000 while conversion costs was RM 300,000. Accounting records indicate that 30,000 kilograms of pewter were started on 1 August 2017 and that 25,000 kilograms pewter were completed on 30 August 2017. Ending inventory was 65% complete as to conversion costs.

REQUIRED

a) Calculate the total equivalent units (3 marks)

b) Calculate the cost per equivalent units for April. (3 marks)

c) Calculate the costs for units completed and transferred to finished goods department. (2 marks)

d) Calculate the cost of ending work in process. (2 marks)

Part B

Techno Ltd is preparing budget for year 2018. The firm sells the product for RM100 per unit and has the following expected sales (in units) for these months:

January	February	March	April	May
5,000	5,400	5,500	6,000	7,000

The firm's policy is to maintain an ending inventory each month equal to 10% of the following month's budgeted sales.

REQUIRED

Prepare the following budgets for Techno Ltd for the months of February, March and April.

a) Sales budget (2.5 marks)

b) Production budget. (7.5 marks)

(TOTAL 20 MARKS)

End of Paper